

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR THE CONSTRUCTION OF FAMILY
HOUSING AT ALTUS AIR FORCE BASE, OKLAHOMA

Report No. 96-223

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Acronyms

AFB
BRAC
MILCON

Air Force Base
Base Realignment and Closure
Military Construction



**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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Report No. 96-223

September 18, 1996

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)**

**SUBJECT: Audit of Defense Base Realignment and Closure Budget Data for the
Construction of Family Housing at Altus Air Force Base, Oklahoma
(Project No. 6CG-5001.09)**

Introduction

We are providing this report for your information and use. The audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. Enclosure 1 provides details on the history of the Defense base realignment and closure (BRAC) process and on our auditing and reporting requirements.

This report is one in a series about FY 1997 BRAC military construction (MILCON) costs. The report provides the results of the audit of an FY 1997 project, valued at \$22 million, for family housing at Altus Air Force Base (AFB), Oklahoma, as a result of the closure of Castle AFB, California.

Audit Results

The Air Force properly programmed requirements and estimates for project AGGN954015, "Base Closure - Family Housing & Land Purchase." Project requirements contained in the DD Form 1391, "FY 1997 Military Construction Project Data," for transferring personnel to Altus AFB were based on engineering estimates. The Air Force supported the engineering estimates with adequate cost data. The Air Force properly computed the number of housing units based on the authorized personnel levels for the units relocating to Altus AFB, the criteria in Air Force Instruction 32-6002, "Family Housing Planning, Programming, Design and Construction," May 1994, and a Family Housing Market Analysis dated March 1995. The Air Force supported the project with adequate documentation.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. The audit also assessed the adequacy of the management control program as it applied to the overall audit objective. The management control program objective will be discussed in a summary report of FY 1997 BRAC MILCON budget data.

Scope and Methodology

Scope of This Audit. We examined the FY 1997 BRAC MILCON budget request, economic analysis, and supporting documentation for family housing requirements for the family housing project at Altus AFB. We did not use computer-processed data or statistical sampling procedures to conduct this audit. See Enclosure 1 for additional information on the overall scope of the audit of BRAC MILCON costs.

Audit Period, Standards, and Locations. This economy and efficiency audit was conducted from December 1995 through March 1996, in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. During the audit we visited or contacted the Deputy Assistant Secretary of the Air Force (Installations), Washington, D.C.; Air Education and Training Command, Randolph AFB, Texas; and Altus AFB, Oklahoma.

Prior Audits and Other Reviews

Since 1991, numerous reports have addressed DoD BRAC issues. Enclosure 2 lists the summary reports for the audits of BRAC budget data for FYs 1992 through 1996 and BRAC audit reports published since the summary reports.

Audit Background

Policy Guidance. DoD Financial Management Regulation, DoD 7000.14-R, volume 2B, "Department of Defense Financial Management Regulation (Budget Presentation and Formulation)," requires each MILCON project to be supported by a DD Form 1391. Projects costing more than \$2 million also require an economic analysis. The DD Form 1391 is supposed to provide justification for the project and data, such as a description of the proposed construction and its estimated cost. The Air Force uses Air Force Instruction 32-6002 for guidance on preparing the DD Form 1391.

DoD Manual 4165.63-M, "DoD Housing Management," September 1993, establishes policy guidance, procedures, and responsibilities on all matters associated with family housing. The manual states, "Communities near the installation are relied on as the primary source of housing for DoD personnel." Military housing may be programmed to meet long-range requirements in areas where the local community cannot support the housing needs of military personnel. The installation commander is responsible for planning and programming for the acquisition of family housing.

DoD Manual 4165.63-M also requires a DD Form 1523, "Military Family Housing Justification," to support family housing construction and acquisition programs submitted to the Office of the Secretary of Defense and Congress. The DD Form 1523 provides a tabular analysis of the housing deficit by comparing the effective housing requirement to existing housing assets based on current and future conditions. Future conditions are projected 5 years out. The DD Form 1523 is similar to the economic analysis required by DoD 7000.14-R.

Effective Housing Requirement. The effective housing requirement is the number of military personnel assigned to an installation who are entitled to military family housing. An installation calculates its effective housing requirement by reducing total personnel strength by the number of transient personnel, the number of unmarried personnel, and the number of voluntarily separated personnel.

Housing Assets. An installation commander has two sources of housing assets to satisfy housing requirements: military housing and local housing near the installation. Communities near the military installation should be used as the primary source to meet the requirements for housing before programming to build military family housing. The installation uses a market analysis to determine the amount of local housing that is available for Service members.

Project Justification. Project AGGN954015 was developed because of recommendations made by the 1991 Commission on Defense Base Closure and Realignment (the 1991 Commission) to close Castle AFB, California, and by the 1993 Commission to redirect the KC-135 tanker Combat Crew Training School mission to Altus AFB, Oklahoma. The 1991 Commission recommended the closure of Castle AFB and transferred the tanker Combat Crew Training School mission to Fairchild AFB, Washington. The 1993 Commission changed the receiving sites for the KC-135 tanker Combat Crew Training School mission from Fairchild AFB to Altus AFB. The transfer of the Combat Crew Training School mission would require the relocation of 150 officers and 503 enlisted personnel. The Air Force estimated that the personnel would generate a need for 180 family housing units.

Discussion

Requirements Determination. Project AGGN954015, valued at \$22 million, is for the acquisition of a 65-acre lot and the construction of 147 two-bedroom units, 29 three-bedroom units, and 4 four-bedroom units. The Air Force based the effective housing requirement for Altus AFB on the long-range total personnel strength for all military organizations assigned to the installation. The Air Force relies on the Command Manpower Data System to program its long-range planning numbers for an installation for a 6-year period. The Air Force used the marriage factor determined in the housing market analysis to calculate the number of married personnel for the military organizations authorized at Altus AFB. As required by DoD Manual 4165.63-M, the number of units proposed for construction represents less than 90 percent of the projected deficit.

Use of Existing Facilities. Currently, Altus AFB has 800 military family housing units. The housing inventory is divided into 148 units for officers and 652 units for enlisted personnel.

Market Analysis. The Air Force contracted for a Military Family Housing Market Analysis in October 1994. The market analysis determined the extent to which the local community could satisfy the anticipated housing requirement of military families assigned to Altus AFB. The market analysis formed the basis for projecting a housing deficit or surplus to the year 1999. The March 1995

market analysis projected a housing deficit of 226 units in the year 1999. Because the 180 family housing units proposed for construction are significantly fewer than the projected deficit, we consider the project valid and necessary.

Management Comments

We provided a draft of this report to you on August 1, 1996. Because this report contains no findings or recommendations, comments were not required, and no comments were received. Therefore, we are publishing this report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. John M. Delaware, Audit Project Manager, at (703) 604-9314 (DSN 664-9314). Enclosure 3 lists the planned report distribution. A list of the team members is listed inside the back cover.



Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosures

Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each BRAC MILCON project.

Background of Defense Base Realignment and Closure and Scope of the Audit of FY 1997 Defense Base Realignment and Closure Military Construction Costs

Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1997 BRAC MILCON \$820.8 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group. We also reviewed those FY 1996 BRAC MILCON projects that were not included in the previous FY 1996 budget submission, but were added as part of the FY 1997 BRAC MILCON budget package.

Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This enclosure lists the summary reports for the audits of BRAC budget data for FYs 1992 through 1996 and BRAC audit reports published since the summary reports.

Inspector General, DoD

| <u>Report No.</u> | <u>Report Title</u> | <u>Date</u> |
|-------------------|---|-------------------|
| 96-218 | Quick Reaction Report on Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment to Marine Corps Base Hawaii Kaneohe Bay | September 4, 1996 |
| 96-209 | Defense Base Realignment and Closure Budget Data for the Closure of Defense Electronics Supply Center Dayton, Ohio, and Realignment to Defense Supply Center Columbus, Ohio | August 13, 1996 |
| 96-206 | Defense Base Realignment and Closure Budget Data for the Realignment of Navy and Air Force Food Services Training at Lackland Air Force Base, Texas | August 2, 1996 |
| 96-204 | Defense Base Realignment and Closure Budget Data for the Realignment of the Deployment Function of the 10th Mountain Infantry (Light) Division to Fort Drum, New York | July 31, 1996 |
| 96-199 | Defense Base Realignment and Closure Budget Data for the Realignment of the Defense Distribution Depot Columbus, Ohio | July 25, 1996 |
| 96-191 | Defense Base Realignment and Closure Budget Data for the Relocation of the Carrier Air Wings From Naval Air Station Miramar, California, to Naval Air Station Lemoore, California | July 3, 1996 |

Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

| <u>Report No.</u> | <u>Report Title</u> | <u>Date</u> |
|-------------------|--|---------------|
| 96-171 | Defense Base Realignment and Closure Budget Data for Realigning the Office of the Judge Advocate General and the Naval Facilities Engineering Command to the Washington Navy Yard | June 21, 1996 |
| 96-170 | Defense Base Realignment and Closure Budget Data for the Realignment of Five Navy Activities From Leased Space in Arlington, Virginia, to the Naval Security Station, Washington, D.C. | June 19, 1996 |
| 96-166 | Defense Base Realignment and Closure Budget Data for the Closure of Lowry Air Force Base, Colorado, and Realignment to Sheppard Air Force Base, Texas | June 18, 1996 |
| 96-165 | Defense Base Realignment and Closure Budget Data for the Construction of the Hazardous Material Storage Addition to Warehouse 28 at Defense Distribution Region West Tracy, California | June 17, 1996 |
| 96-158 | Defense Base Realignment and Closure Budget Data for the Redirect of the 726th Air Control Squadron From Shaw Air Force Base, South Carolina, to Mountain Home Air Force Base, Idaho | June 11, 1996 |
| 96-154 | Defense Base Realignment and Closure Budget Data for the Realignment of the National Airborne Operations Center to Wright-Patterson Air Force Base, Ohio | June 10, 1996 |
| 96-147 | Defense Base Realignment and Closure Budget Data for the Closure of Naval Training Center Orlando, Florida, and Realignment of Maintenance and Storage Facilities to Taft U.S. Army Reserve Center, Orlando, Florida | June 6, 1996 |
| 96-144 | Defense Base Realignment and Closure Budget Data for the Realignment of Grissom Air Reserve Base, Indiana | June 6, 1996 |

Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

| <u>Report No.</u> | <u>Report Title</u> | <u>Date</u> |
|-------------------|--|--------------|
| 96-142 | Defense Base Realignment and Closure Budget Data for the Closure of Bergstrom Air Reserve Base, Texas, and Realignment of the 10th Air Force Headquarters to Naval Air Station Fort Worth, Joint Reserve Base, Texas | June 5, 1996 |
| 96-139 | Defense Base Realignment and Closure Budget Data for the Closure of Griffiss Air Force Base and Realignment of Rome Laboratory and Northeast Air Defense Sector, Rome, New York | June 3, 1996 |
| 96-137 | Defense Base Realignment and Closure Budget Data for the Realignment of March Air Force Base, Riverside, California | May 31, 1996 |
| 96-136 | Defense Base Realignment and Closure Budget Data for the Closure of Gentile Air Force Station, Dayton, Ohio, and Realignment of Defense Logistics Agency Components to Wright-Patterson Air Force Base, Ohio | May 31, 1996 |
| 96-135 | Defense Base Realignment and Closure Budget Data for the Fleet Anti-Submarine Warfare Training Center Pacific, San Diego, California | May 30, 1996 |
| 96-131 | Defense Base Realignment and Closure Budget Data for Realigning Elements of Headquarters, Department of the Navy, to the Washington Navy Yard | May 28, 1996 |
| 96-128 | Defense Base Realignment and Closure Budget Data for the Naval Training Center Great Lakes, Illinois | May 24, 1996 |
| 96-127 | Defense Base Realignment and Closure Budget Data for the Closure of Roslyn Air National Guard Base and Realignments to Stewart Air National Guard Base, New York | May 23, 1996 |

Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

| <u>Report No.</u> | <u>Report Title</u> | <u>Date</u> |
|-------------------|---|--------------|
| 96-126 | Defense Base Realignment and Closure Budget Data for the Realignment of Rickenbacker Air National Guard Base, Ohio | May 21, 1996 |
| 96-122 | Defense Base Realignment and Closure Budget Data for the Realignment of the Air Education and Training Command at Vandenberg Air Force Base, California | May 17, 1996 |
| 96-119 | Defense Base Realignment and Closure Budget Data for the Construction of a Multiple Purpose Facility at Fort McCoy, Wisconsin | May 14, 1996 |
| 96-118 | Defense Base Realignment and Closure Budget Data for the Medical and Dental Clinic Expansion Project at Naval Weapons Station Charleston, South Carolina | May 13, 1996 |
| 96-116 | Defense Base Realignment and Closure Budget Data for the Relocation of Deployable Medical Systems to Hill Air Force Base, Ogden, Utah | May 10, 1996 |
| 96-112 | Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Cecil Field, Florida, and Realignment of the Aviation Physiology Training Unit to Naval Air Station Jacksonville, Florida | May 7, 1996 |
| 96-110 | Defense Base Realignment and Closure Budget Data for the Realignment of the 301st Rescue Squadron, Air Force Reserve, From Homestead Air Force Base, Florida, to Patrick Air Force Base, Florida | May 7, 1996 |
| 96-108 | Defense Base Realignment and Closure Budget Data for the Naval Shipyard, Philadelphia, Pennsylvania | May 6, 1996 |

Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

| <u>Report No.</u> | <u>Report Title</u> | <u>Date</u> |
|-------------------|--|-------------------|
| 96-104 | Defense Base Realignment and Closure Budget Data for the Construction of the Overwater Antenna Test Range Facility at Newport, Rhode Island | April 26, 1996 |
| 96-101 | Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Barbers Point, Hawaii, and Realignment of P-3 Aircraft Squadrons to Naval Air Station Whidbey Island, Washington | April 26, 1996 |
| 96-093 | Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1995 and 1996 | April 3, 1996 |
| 94-040 | Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994 | February 14, 1994 |
| 93-100 | Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993 | May 25, 1993 |

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